The Myanmar Investment Commission

Form (2) Sr. No. 48

Dated 2.10

PERMIT

Permit No. 319/98 Date 2nd OCTOBER 1998

The Myanmar Investment Commission issues this Permit un-er of the Union of Myanmar Foreign Investment Law -

(a) Name of Promoter MANAGING DIRECTOR, MYANMA HEA

(b) Citizenship MYANMAR

(c) Address NO. 56, KABA AYE PAGODA ROAD, YANKIN TO
YANGON

(d) Name and address of principal organization MYANMA HEAVY
NO, 56, KABA AYE PAGODA ROAD, YANKIN TOWNSHIP YANGON

(e) Place of incorporation YANGON

(f) Type of business in which investment is to be made MANUFACTURING &
OF TRANSFORMERS AND RELATED ITEMS FOR EXPO ND DOME

(g) Place (s) at which investment is permitted
BLOCK NO. 23, SOUTH DAGON INDUSTRIAL ZONE, YA

(h) Amount of foreign capital US$ 2.38 MILLION

(i) Period for bringing in foreign capital WITHIN ( )MO OM
OF INCORPORATION OF THE COMPANY

(j) Total amount of capital (Kyat) 20.52 MILLION
(KYAT TWENTY MILLION FIVE HUNDRED TWENTY THOU

(k) Permitted duration of investment 20 YEARS

(l) Name of the economic organization to be formed in Myann
MYANMAR EKARAT TRANSFORMER COMPANY LIMIT

Chairman

The Myanmar Investment Comm ion

မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

ခွင့်ပြုမိန့်

ခွင့်ပြုမိန့်အမှတ် ၃၁၉/၉၈ ၁၉၉၈ ခုနှစ်၊ အောက်တိုဘာလ ၂ ရက်။

ပြည်ထောင်စုမြန်မာနိုင်ငံတော် နိုင်ငံခြားရင်းနှီးမြှုပ်နှံမှု ဥပဒေပုဒ်မ ၁၀ အရ ဤခွင့်ပြုမိန့်ကို ရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်က ထုတ်ပေးလိုက်သည် -

(က) ကမကထပြုသူ၏အမည် ဦးဆောင်ညွှန်ကြားရေးမှူး၊ မြန်မာ့အကြီးစားစက်မှုလုပ်ငန်း

(ခ) မည်သည့်နိုင်ငံသား မြန်မာ

(ဂ) နေရပ်လိပ်စာ အမှတ် ၅၆၊ ကမ္ဘာအေးဘုရားလမ်း၊ ရန်ကင်းမြို့နယ်၊ ရန်ကုန်မြို့။

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့်လိပ်စာ မြန်မာ့အကြီးစားစက်မှုလုပ်ငန်း၊ အမှတ် ၅၆၊ ကမ္ဘာအေးဘုရားလမ်း၊ ရန်ကင်းမြို့နယ်၊ ရန်ကုန်မြို့။

(င) ဖွဲ့စည်းရာအရပ် ရန်ကုန်မြို့။

(စ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်မည့်လုပ်ငန်းအမျိုးအစား ထရန်စဖော်မာများ ထုတ်လုပ်ရောင်းချခြင်းလုပ်ငန်း

(ဆ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်ခွင့်ပြုသည့်အရပ်ဒေသ(များ) အကွက်အမှတ် ၂၃၊ တောင်ဒဂုံစက်မှုဇုန်၊ ရန်ကုန်မြို့။

(ဇ) နိုင်ငံခြားမတည်ငွေရင်း အမေရိကန်ဒေါ်လာ ၁၂.၃၇ သန်း

(ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ကုမ္ပဏီဖွဲ့စည်းတည်ထောင်ပြီး (၉) လအတွင်း

(ည) စုစုပေါင်း မတည်ငွေရင်း ပမာဏ(ကျပ်) ၂၀.၅၂ သန်း (ကျပ်နှစ်ဆယ်သန်း၊ ငါးသိန်းနှစ်သောင်း တိတိ)

(ဋ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့်သက်တမ်း ၂၀ နှစ်

(ဌ) မြန်မာနိုင်ငံတွင် ဖွဲ့စည်းမည့် စီးပွားရေးအဖွဲ့အစည်းအမည် MYANMAR EKARAT TRANSFORMER COMPANY LIMITED.

ဥက္ကဋ္ဌ

မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

GOVERNMENT OF THE UNION OF MYANMAR

MYANMAR INVESTMENT COMMISSION

653 / 691, Merchant Street, Yangon.

Our ref : Ya Ka-1/460/98 (4842)
Dated : 2nd October 1998

Tel : 272219, 272855
Fax : 095-01-282'01

Subject : Decision of the Myanmar Investment Commission on . "Manufacturing and Marketing of Transformer and Related ...ort and Domestic Sale" under the name of "Myanmar Ekarat Trans ... Com... Limited".

Reference: Ministry of Industry (2) Letter No. 35-2 Sa 2(1)98(688) dated 20.8.9.

1. The Myanmar Investment Commission, at its meeting 15/98 held on 28-8-98 had reviewed the proposal for investment in "Manufacturing and Marketing of Transformer and Related Items for Export and Domestic Sale" under the name of "Myanmar Ekarat Transformer Company Limited" submitted as a Joint Venture between Myanma Heavy Industries and Ekarat Engineering Public Company Limited of Thailand. After careful review, it was deliberated that the proposed projec approved in principal for implementation and the proposal be submitted to the Cal ...et meeting for final approval.

2. The Cabinet, at its meeting 33/98 held on 24-9-98 resolved to permit the .. the said project. Hence, the "Permit" is herewith issued in accordance with Chapter VI, ... the Union of Myanmar Foreign Investment Law and Chapter VI, Rule 13 of the ...es rela... to the said Law. Terms and conditions to the "Permit" are stated in the fol... ng pa...

3. The permitted duration of the project shall be 20(Twenty) years from the Lease Agreement and extendible for another two 5(Five) years terms upon mutua... Myanma Heavy Industries and Myanmar Ekarat Transformer Company Limited. At the leased period, Myanmar Ekarat Transformer Company Limited shall transfer the la... Heavy Industries without any consideration within 3(Three) months in good co... damages having been refilled or repaired.

4. Myanmar Ekarat Transformer Company Limited shall pay the annual r... US $ 10.00 (United States Dollars Ten Only) per square metre per annum for 4,000 squa... coverd area and US $ 2.00 (United States Dollars Two Only) per square metre per annu... square metres of uncoverd area. If the lease period be extended after 20(Twenty) years pe... rental after the first twenty years shall pay 30(Thirty) days before the end of the first twent... with the rate mutually agreed by both parties and the increase of the rental rate shall n... mo... 15(Fifteen) percent of the preceding annual rental rate.

5. After 5(Five) years operation and within 7(Seven) years of the effectiveness of . 'nt Venture Agreement, Myanma Heavy Industries shall have an option to buy maximum 1(... percent of the Paid-up Capital of the Company out of the Paid-up share capital held by Eka Engineering Public Company Limited at par value if Myanma Heavy Industries needs. The exerc of the option will not increase Myanma Heavy Industries's share holding in the issued share capit of the Company to more than 50(Fifty) percent thereof.

6. Ekarat Engineering Public Company Limited shall provide a Performan the amount of US $ 30,000 (United States Dollars Thirty Thousand Only) in fa Heavy Industries within 60(Sixty) days after the signing date of the Joint Venture .

7. The target of localization is subject to available facilities and equipments manufacturing of parts and cost benefit and quality in localization.

8. In issuing this "Permit" the Commission has granted the following exemptions

(a) As per Section-21(a), exemption from income-tax up to three consecutive years ... the year of commencement of commercial operation.

(b) As per Section-21(b), regarding exemption from income-tax on profits of the they are maintained in a reserve fund and re-invested therein within one yea reserve is made, Myanmar Ekarat Transformer Company Limited shall apply for exemption only after 3-year tax holiday period.

(c) As per Section-21(c), Myanmar Ekarat Transformer Company Limited s ted to accelerate depreciation in respect of machinery, equipment, building assets used in the business to the extent of the original value for the p tax assessment. However, Myanmar Ekarat Transformer Company Limited s apply to the Commission such rates of depreciation.

(d) As per Section-21(d), relief from income-tax up to 50 percen prot exports, such relief has to be applied, upon actual performa holiday period.

(e) As per Section-21(e), Myanmar Ekarat Transformer Company L right to pay income-tax payable to the State on behalf of foreigners abroad and are employed in the enterprise and the right to deduct such assessable income.

(f) As per Section-21(f), the Commission has also approved the right to pay the income of the above-mentioned foreigners at the rates applica residing within the country.

(g) As per Section-21(g), regarding the right to deduct from the assessable in expenses incurred in respect of research and development relating to the enterpr are actually required and are carried out within the State, Myanmar Ekarat Transf Company Limited shall apply, upon actual performance of such research development programme, only after 3-year tax holiday period.

(h) As per Section-21(h), regarding right to carry forward and set-off up to thr ve years from the year the loss is sustained following the enjoyment of exem from income-tax, Myanmar Ekarat Transformer Company Limited shall file the ca ny, to

the Ministry of Finance and Revenue in accordance with Section-4 of the Amendment Law, 1991.

(i) As per Section-21(i), exemption from customs duty and all other interr machinery, equipment, instruments, machinery components, spare parts a used in the business, which are imported as they are actually required for us period of construction.

(j) As per Section-21(j), exemption from customs duty and all other in raw materials and additional import of machinery, equipment and actually required for operation of the business shall be granted commercial operation following the period of construction. However, be subject to the approval endorsed by the Ministry of Industry (2).

9. Myanma Heavy Industries shall have to sign Joint Venture Agreemen Engineering Public Company Limited and shall also have to sign the Lease A Myanmar Ekarat Transformer Company Limited After signing such Agreements, (5) those shall have to be forwarded to the Commission.

10. Myanmar Ekarat Transformer Company Limited, in consultation with the D Company Administration, Directorate of Investment and Company Administration shall registered. After registration, (5) copies each of Certificate of Incorporation and Memorandum Articles of Association shall have to be forwarded to the Commission.

11. Myanmar Ekarat Transformer Company Limited shall use its best e realization of works stated in the Proposal. If none of such works has been comm year from the date of issue of this "Permit", it shall become null and void.

12. The official date of operation shall be reported to the Commission.

13. The Commission approves periodical appointments of foreign e abroad as per Proposal. Myanmar Ekarat Transformer Company Limite Directorate of Labour, Ministry of Labour for appointment of such foreign e

14. In order to evaluate foreign capital in terms of Kyats and for the purpose of i accordance with the provision under Section-24 of the Union of Myanmar Foreign Inve is compulsory to report as early as possible in the following manner.

(a) The amount of foreign currency brought into Myanmar, attached documents issued by the respective bank where the account is opened.

(b) The detailed lists of the type and value of foreign capital defined under Sec the said Law, other than foreign currency, to the Chairman, Foreign Capital E. Sub-Committee.

15. Whenever Myanmar Ekarat Transformer Company Limited brings in foreign under Section 2(h) of the said Law, other than foreign currency in the manner stat 14(b) mentioned above, the Inspection Certificate endorsed and issued by an in recognized Inspection Firm with regard to quantity, quality and price of imported materia to be attached.

16. After all types of foreign capital (foreign currency and other types of foreig ve been brought into Myanmar, a report shall have to be submitted to the Commissio vide letter No. Na-Ya 9/101/92(416) dated 3-12-92 [Annexure(1)]

17. Myanmar Ekarat Transformer Company Limited shall report to the Commis alteration in the physical and financial plan of the project. Cost over-run, ove investment amount pledged in both local and foreign currency shall have to be possible.

18. Myanmar Ekarat Transformer Company Limited shall be responsible the environment at and around the area of the project site. Hence, it shall observe ssued by the Commission vide letter No. Ya Ka-1/139/94 (0440) dated 30-6-94 [Annexure to und all proper treatment systems and other necessary environmental control systems.

19. Myanmar Ekarat Transformer Company Limited shall follow the procedure the Commission, vide letter No. Ya Ka-7/408/94 (0424) dated 29-6-94 [Annexure(3)] clearance of imports of capital and inter-industry use goods brought in as capital investment and ra materials required during the initial 3-year operation period.

20. Payment of principal and interest of the loan (if any) as well as payment for impo materials and spare parts etc. shall only be made out of the official foreign exchange earni Myanmar Ekarat Transformer Company Limited.

21. Myanmar Ekarat Transformer Company Limited, in consultation with M shall effect such types of insurance defined under Chapter VIII, Rule 15 of the Proce the Union of Myanmar Foreign Investment Law.

By Order,

Brig-Gen Maung Mau
Secretary

Managing Director
Myanma Heavy Industries

cc:
1. Office of the Chairman of State Peace and Development Council
2. Office of the State Peace and Development Council
3. Office of the Government of the Union of Myanmar
4. Office of the Strategic Studies, Ministry of Defence
5. Ministry of National Planning and Economic Development
6. Ministry of Finance and Revenue

10. Ministry of Home Affairs
11. Ministry of Immigration and Population
12. Ministry of Labour
13. Ministry of Electric Power
14. Chairman, Committee for Assisting the Myanmar Investment Commissioi Central Bank of Myanmar)
15. Chairman, Foreign Capital Evaluation Sub-Committee (Directo Equipment Statistics and Inspection Department)
16. Director General, Directorate of Investment and Company Adminis
17. Director General, Customs Department
18. Director General, Internal Revenue Department
19. Managing Director, Myanma Foreign Trade Bank
20. Managing Director, Myanma Investment and Commercial Bank
21. Managing Director, Myanma Insurance
22. Managing Director, Myanma Electric Power Enterprise
23. Director General, Directorate of Trade
24. Director General, Immigration and National Registration Department
25. Director General, Directorate of Labour
26. Chairman, Union of Myanmar Chamber of Commerce and Industry